

# DHS Appropriations FY2017: Departmental Management and Operations

**(name redacted), Coordinator**

Specialist in Homeland Security and Appropriations

**(name redacted)**

Analyst in American National Government

**(name redacted)**

Specialist in Organized Crime and Terrorism

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## Summary

This report is part of a suite of reports that discuss appropriations for the Department of Homeland Security (DHS) for FY2017. It specifically discusses appropriations for the components of DHS included in the first title of the homeland security appropriations bill—the Office of the Secretary and Executive Management, the Office of the Under Secretary for Management, the DHS headquarters consolidation project, the Office of the Chief Financial Officer, the Office of the Chief Information Officer, Analysis and Operations, and the Office of Inspector General for the department. Collectively, Congress has labeled these components in recent years as “Departmental Management and Operations,” although this year, the House Appropriations Committee chose to rename the title “Departmental Management, Operations, Intelligence, and Oversight.”

The report provides an overview of the Administration’s FY2017 request for these components, and the appropriations proposed by the Senate and House appropriations committees in response. Rather than limiting the scope of its review to the first titles of the bills, the report includes information on provisions throughout the bills and report that directly affect these components.

Departmental Management and Operations is the smallest of the four titles that carry the bulk of funding in the bill. The Administration requested almost \$1.5 billion for these components in FY2017, \$37 million less than was provided for FY2016. The amount requested for these components is 3% of the Administration’s \$47.7 billion request in net discretionary budget authority and disaster relief funding for DHS. The proposed decrease in discretionary funding for these components is 11.1% of the total net decrease in adjusted net discretionary budget authority requested for the department. The largest budget increase proposed in the request for these components was \$41 million (66%) for the Office of the Chief Procurement Officer, while the largest budget decrease proposed was the non-recurrence of a \$100 million appropriation in general provisions to fund OCIO cybersecurity activities.

Senate Appropriations Committee-reported S. 3001 would have provided the components included in this title more than \$1.4 billion in net discretionary budget authority in FY2017. This would have been \$24 million (1.7%) less than requested, and \$62 million (4.2%) less than was provided in FY2016.

House Appropriations Committee-reported H.R. 5634 would have provided the components included in this title more than \$1.3 billion in net discretionary budget authority in FY2017. This would have been \$126 million (8.6%) less than requested, and \$163 million (10.8%) less than was provided in FY2016.

Additional information on the broader subject of FY2017 funding for the department can be found in CRS Report R44621, *Department of Homeland Security Appropriations: FY2017*, as well as links to analytical overviews and details regarding appropriations for other components.

On September 29, 2016, the President signed into law P.L. 114-223, which contained a continuing resolution that funds the government at the same rate of operations as FY2017, minus 0.496% through December 9, 2017. A second continuing resolution was signed into law on December 10, 2016 (P.L. 114-254), funding the government at the same rate of operations as FY2016, minus 0.1901%, through April 28, 2017. For details on the continuing resolution and its impact on DHS, see CRS Report R44621, *Department of Homeland Security Appropriations: FY2017*, which also includes additional information on the broader subject of FY2017 funding for DHS as well as links to analytical overviews and details regarding components in other titles.

This report will be updated once the annual appropriations process for DHS for FY2017 is concluded.

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The report provides an overview of the Administration’s FY2017 request for these components, and the appropriations proposed by the Senate and House appropriations committees in response. Rather than limiting the scope of its review to the first titles of the bills, the report includes information on provisions throughout the bills and report that directly affect these components.

The suite of CRS reports on homeland security appropriations tracks legislative action and congressional issues related to DHS appropriations, with particular attention paid to discretionary funding amounts. The reports do not provide in-depth analysis of specific issues related to mandatory funding—such as retirement pay—nor do they systematically follow other legislation related to the authorization or amending of DHS programs, activities, or fee revenues.

Discussion of appropriations legislation involves a variety of specialized budgetary concepts. The Appendix to CRS Report R44621, *Department of Homeland Security Appropriations: FY2017*, explains several of these concepts, including budget authority, obligations, outlays, discretionary and mandatory spending, offsetting collections, allocations, and adjustments to the discretionary spending caps under the Budget Control Act (P.L. 112-25). A more complete discussion of those terms and the appropriations process in general can be found in CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, coordinated by (name redacted), and the Government Accountability Office’s A Glossary of Terms Used in the Federal Budget Process.<sup>1</sup>

## Note on Data and Citations

Except in summary discussions and when discussing total amounts for the bill as a whole, all amounts contained in the suite of CRS reports on homeland security appropriations represent budget authority and are rounded to the nearest million. However, for precision in percentages and totals, all calculations were performed using unrounded data.

Data used in this report for FY2016 amounts are derived from two sources. Normally, this report would rely on P.L. 114-113, the Omnibus Appropriations Act, 2016—Division F of which is the Homeland Security Appropriations Act, 2016—and the accompanying explanatory statement published in Books II and III of the *Congressional Record* for December 17, 2015. However, due to the implementation of the Common Appropriations Structure for DHS (see below), additional information is drawn from H.Rept. 114-668, which presents the FY2016 enacted funding in the new structure. H.Rept. 114-668 also serves as the primary source for the FY2016 enacted funding levels, the FY2017 requested funding levels, and House Appropriations Committee recommendation in the new structure. S.Rept. 114-264 serves as the primary source for the

<sup>1</sup> U.S. Government Accountability Office, *A Glossary of Terms Used in the Federal Budget Process*, GAO-05-734SP, September 1, 2005, <http://www.gao.gov/products/GAO-05-734SP>.

FY2016 enacted funding levels, the FY2017 requested funding levels, and Senate Appropriations Committee recommendation in the “legacy structure”—the overall structure of appropriations enacted for FY2016.<sup>2</sup>

### **The “Common Appropriations Structure”<sup>3</sup>**

Section 563 of Division F of P.L. 114-113 (the FY2016 Department of Homeland Security Appropriations Act) provided authority for DHS to submit its FY2017 appropriations request under the new common appropriations structure, and implement it in FY2017. Under the act, the new structure was to have four categories of appropriations:

- Operations and Support;
- Procurement, Construction, and Improvement;
- Research and Development; and
- Federal Assistance.<sup>4</sup>

Most of the FY2017 DHS appropriations request categorized its appropriations in this fashion. The exception was the Coast Guard, which was in the process of migrating its financial information to a new system. DHS has also proposed realigning its Programs, Project, and Activities (PPA) structure—the next level of funding detail below the appropriation level—possibly trying to align PPAs into a mission-based hierarchy.

The House Appropriations Committee made its funding recommendation using the CAS (although it chose to implement it slightly differently than the Administration had envisioned in Title I), but the Senate Appropriations Committee did not, instead drafting its annual DHS appropriations bill and report using the same structure as was used in FY2016. It remains to be seen how differences between the House and Senate structures will be worked out in the legislation which finalizes FY2017 appropriations levels for DHS. Some individual programmatic comparisons are possible between the two bills, and the Coast Guard’s appropriations are comparable as its FY2017 funding was not proposed in the CAS structure. However, no authoritative crosswalk between the House Appropriations Committee proposal in the CAS structure and Senate Appropriations Committee proposal in the legacy structure is publicly available.

## **Summary of DHS Appropriations**

Generally, the homeland security appropriations bill includes all annual appropriations provided for DHS, allocating resources to every departmental component. Discretionary appropriations<sup>5</sup> provide roughly two-thirds to three-fourths of the annual funding for DHS operations, depending

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<sup>2</sup> There are several differences of interpretation between the two committee reports in accounting for both the FY2016 enacted and FY2017 requested levels. These will be discussed in other reports. To facilitate comparisons with the enacted and requested numbers, this report relies on the number in S.Rept. 114-264 when the two reports are in conflict, as its interpretation of FY2016 enacted levels could be verified against the FY2016 explanatory statement.

<sup>3</sup> A more complete analysis of the history and impact of the Common Appropriations Structure proposal is available in CRS Report R44621, *Department of Homeland Security Appropriations: FY2017*.

<sup>4</sup> Section 563, Division F, P.L. 114-113.

<sup>5</sup> Generally speaking, those provided through annual appropriations legislation.

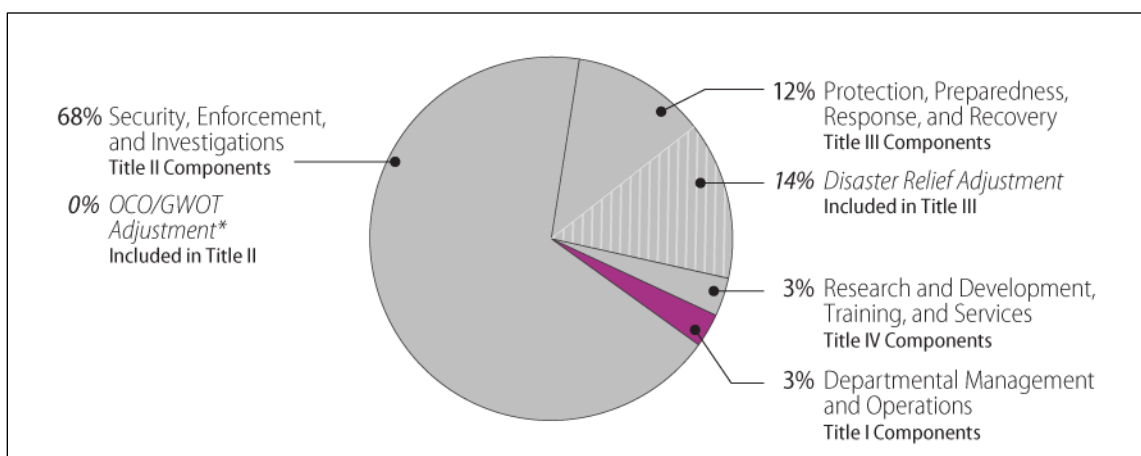
how one accounts for disaster relief spending and funding for overseas contingency operations. The remainder of the budget is a mix of fee revenues, trust funds, and mandatory spending.<sup>6</sup>

Appropriations measures for DHS typically have been organized into five titles.<sup>7</sup> The first four are thematic groupings of components: Departmental Management and Operations; Security, Enforcement, and Investigations; Protection, Preparedness, Response, and Recovery; and Research and Development, Training, and Services. A fifth title contains general provisions, the impact of which may reach across the entire department, impact multiple components, or focus on a single activity. Implementation of the Common Appropriations Structure may change these precedents slightly.

The following pie chart presents a visual comparison of the share of annual appropriations requested for the components funded in each of the first four titles, highlighting the components discussed in this report.

**Figure I. Proportion of Requested DHS Discretionary Budget Authority by Title, FY2017**

(including budget authority designated for disaster relief or OCO/GWOT under the Budget Control Act)



**Source:** CRS analysis of data from U.S. Department of Homeland Security, *FY2017 Budget in Brief*.

**Notes:** Labels in italics and the patterned wedge represent funding covered under adjustments to discretionary spending limits under the Budget Control Act.

\* The Administration requested \$163 million to be transferred to DHS under the Overseas Contingency Operations/Global War on Terror (OCO/GWOT) allowable adjustment under the Budget Control Act. This amount (0.3%) is too small to be visible in the chart.

## Departmental Management and Operations

As noted above, the Departmental Management and Operations title (Title I) of the DHS appropriations bill provides funding for the department's management activities, Analysis and

<sup>6</sup> A detailed analysis of this breakdown between discretionary appropriations and other funding is available in CRS Report R44052, *DHS Budget v. DHS Appropriations: Fact Sheet*, by (name redacted).

<sup>7</sup> Although the House and Senate generally produce symmetrically structured bills, this is not always the case. Additional titles are sometimes added by one of the chambers to address special issues. For example, the FY2012 House full committee markup added a sixth title to carry a \$1 billion emergency appropriation for the Disaster Relief Fund (DRF). The Senate version carried no additional titles beyond the five described above. For FY2016, the House- and Senate Appropriations Committee-reported versions of the DHS appropriations bill were generally symmetrical.

Operations (A&O) function, and the Office of the Inspector General (OIG). Funding at times has been requested or provided for some of these functions in Title V, General Provisions, as well.

Departmental Management and Operations is the smallest of the four titles that carry the bulk of funding in the bill. The Administration requested almost \$1.5 billion for these components in FY2017 as part of a total budget for these components of almost \$1.5 billion,<sup>8</sup> \$37 million less than was provided for FY2016. The amount requested for these components is 3% of the Administration's \$47.7 billion request in net discretionary budget authority and disaster relief funding for DHS. The proposed decrease in discretionary funding for the components is 11.1% of the total net decrease in adjusted net discretionary budget authority requested for the department. The largest budget increase proposed in the request for these components was \$41 million (66%) for the Office of the Chief Procurement Officer, while the largest budget decrease proposed was the non-recurrence of a \$100 million appropriation in general provisions to fund OCIO cybersecurity activities.

Senate Appropriations Committee-reported S. 3001 would have provided the components included in this title more than \$1.4 billion in net discretionary budget authority in FY2017. This would have been \$24 million (1.7%) less than requested, and \$62 million (4.2%) less than was provided in FY2016.

House Appropriations Committee-reported H.R. 5634 would have provided the components included in this title more than \$1.3 billion in net discretionary budget authority in FY2017. This would have been \$126 million (8.6%) less than requested, and \$163 million (10.8%) less than was provided in FY2016.

On September 29, 2016, the President signed into law P.L. 114-223, which contained a continuing resolution that funds the government at the same rate of operations as FY2017, minus 0.496% through December 9, 2017. A second continuing resolution was signed into law on December 10, 2016 (P.L. 114-254), funding the government at the same rate of operations as FY2016, minus 0.1901%, through April 28, 2017. For details on the continuing resolution and its impact on DHS, see CRS Report R44621, *Department of Homeland Security Appropriations: FY2017*.

**Table 1** lists the enacted funding level for the individual components funded under Departmental Management and Operations for FY2016, as well as the amounts requested for these accounts for FY2017 by the Administration, and proposed by the Senate and House appropriations committees. The table includes information on funding under Title I as well as other provisions in the bill.

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<sup>8</sup> In addition to the appropriations provided in Title I, under the request, \$24 million is provided to OIG by a transfer from FEMA in Title III.



**Table 1. Budgetary Resources for Components of the Departmental Management and Operations Title**

(budget authority in millions of dollars)

Component	FY2016	FY2017		
	Enacted	Request	Senate Committee-Reported S. 3001	House Committee-Reported H.R. 5634
<b>Departmental Management and Operations</b>				
Title I Appropriation	701 <sup>a</sup>	1,012 <sup>b</sup>	728	844
Total Appropriation (includes the impact of any General Provisions)	1,069	1,012	995	886
Fees, Mandatory Spending, and Trust Funds	0	0	0	0
Total Budgetary Resources	1,069	1,012	995	886
<b>Analysis and Operations</b>				
Title I Appropriation	265	266	260	266
Total Appropriation (includes the impact of any General Provisions)	265	266	260	266
Fees, Mandatory Spending, and Trust Funds	0	0	0	0
Total Budgetary Resources	265	266	260	266
<b>Office of the Inspector General</b>				
Title I Appropriation	137	157	155	157
Total Appropriation (includes the impact of any General Provisions and transfers)	161	181	179	181
Fees, Mandatory Spending, and Trust Funds	0	0	0	0
Total Budgetary Resources	161	181	179	181

**Source:** CRS analysis of Division F of P.L. 114-113 and its explanatory statement as printed in the *Congressional Record* of December 17, 2015, pp. H10161-H10210; S. 3001 and S.Rept. 114-264; and H.R. 5634 and H.Rept. 114-668.

**Notes:** Table displays rounded numbers, but all operations were performed with unrounded data. Amounts, therefore, may not sum to totals. Fee revenues included in the “Fees, Mandatory Spending, and Trust Funds” lines are projections, and do not include budget authority provided through general provisions.

- a. Does not include almost \$216 million for the DHS headquarters consolidation project, \$53 million for financial systems modernization, or \$100 million for a cybersecurity funding for the Office of the Chief Information Officer. These were all funded through general provisions in FY2016.
- b. The Administration proposed reorganizing \$1 million of chemical, biological, radiological, nuclear, and explosives (CBRNE) policy activity from the Office of the Secretary and Executive Management to a new CBRNE Office at DHS funded elsewhere in the bill. The House Appropriations Committee accepted this proposal, but the Senate Appropriations Committee did not.

## **Title I and the Common Appropriations Structure**

In implementing the CAS in its FY2017 budget request, the Administration chose to group a number of components together: The Office of the Secretary and Executive Management (OSEM), the Under Secretary for Management (USM), the Offices of the Chief Information Officer (OCIO) and Chief Financial Officer (OCFO), and Analysis and Operations (A&O) were all grouped together as “Departmental Management and Operations,” and OSEM, USM,<sup>9</sup> and A&O each had a separate request for appropriations under the new Operations and Support appropriation. Funding was also requested for USM under the Procurement, Construction, and Improvements and Research and Development appropriations.

As noted above, the Senate Appropriations Committee did not adopt the CAS, or the other aspects of restructured appropriations proposed by the Administration. The House did adopt the CAS, but chose to only include OSEM and the restructured USM under Departmental Management and Operations, removing the statutory distinction between appropriations for those appropriations, while keeping appropriations for Analysis and Operations separate and distinct.

## **Departmental Management<sup>10</sup>**

The departmental management accounts cover the general administrative expenses of DHS. They include the Office of the Secretary and Executive Management (OSEM), which is comprised of the Immediate Office of the Secretary and 11 entities that report directly to the Secretary; the Under Secretary for Management (USM) and its components—the offices of the Chief Readiness Support Officer (formerly, the Office of the Chief Administrative Officer [OCAO]), Chief Human Capital Officer (OCHCO), Chief Procurement Officer (OCPO), and Chief Security Officer (OCSO); the Office of the Chief Financial Officer (OCFO); and the Office of the Chief Information Officer (OCIO).

Some discussions of these accounts from other sources—including the Administration’s FY2017 budget request—include DHS Analysis and Operations as a management account. For consistency, CRS treats Analysis and Operations separately.

## **Summary of Appropriations**

The Administration requested a total of \$1,012 million for departmental management. This total included \$136 million (\$1 million, or 0.7%, below the FY2016 level of \$137 million) for OSEM and \$875 million for a restructured set of USM appropriations USM appropriation in Title I, which included OCIO and OCFO, as well as \$226 million for DHS headquarters consolidation and \$41 million for a crosscutting financial systems modernization effort.

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<sup>9</sup> Under the request, the USM appropriation would include OCIO and OCFO as well.

<sup>10</sup> Prepared by (name redacted), Analyst in American National Government, Government and Finance Division.

### **DHS Headquarters Consolidation<sup>11</sup>**

The request for DHS management accounts (specifically for the Under Secretary for Management) includes \$226 million for DHS Headquarters Consolidation. In implementing the new Common Appropriations Structure in the FY2017 request, funding for this project was divided between the Operations and Support appropriation and the Procurement, Construction, and Improvements appropriation. In the past, and in the Senate Appropriations Committee-reported FY2017 DHS appropriations bill (S. 3001), funding for the DHS share of this project was provided through a separate appropriation in the general provisions of the bill. While the Senate Appropriations Committee-reported bill included the requested funding through DHS, the House Appropriations Committee-reported bill provides just under \$100 million for “headquarters consolidation mission support and construction management” as requested under Operations and Support,<sup>12</sup> but does not provide the \$126 million requested under Procurement, Construction, and Improvements for DHS’s share of the next phase of construction.<sup>13</sup>

\$231 million in FY2017 funding for construction of the project was also requested through the General Services Administration (GSA) in the Financial Services and General Government Appropriations Act. Neither the Senate- nor House Committee-reported bill included the GSA funding for the project.

S. 3001, as reported by the Senate Committee on Appropriations, included a total of \$995 million for departmental management components, including \$728 million for departmental management in Title I, and the requested \$226 million for DHS headquarters consolidation and \$41 million for the crosscutting financial systems consolidation effort in Title V. The proposed funding level was \$17 million (1.7%) less than requested for FY2017, and \$75 million (7.0%) less than enacted for FY2016.

While S. 3001 made its recommendations in the same structure of appropriations as the FY2016 DHS Appropriations Act, providing separate appropriations for OSEM, USM, OCIO, and OCFO, H.R. 5634 adopted the Common Appropriations Structure, and also chose to further consolidate the statutory language of appropriations for all four offices under “Departmental Management and Operations.”

H.R. 5634, as reported by the House Committee on Appropriations, included \$845 million for departmental management and operations in Title I and the requested \$41 million for the crosscutting financial systems consolidation effort in a Title V general provision, for a proposed total funding level of \$886 million. Most of the difference in total funding was due to the House Appropriations Committee not recommending funding for the next phase of construction of the consolidated headquarters for DHS.

Another structural change in H.R. 5634 is the addition of an administrative provisions subtitle in each of the first four titles of the bill. These are generally provisions that otherwise might have appeared in the bill’s general provisions, but apply to specific components, rather than the department as a whole. In Title I of H.R. 5634, there are five such administrative provisions, all of which had appeared in previous fiscal years:

- The CFO must submit monthly a budget and staffing report that includes total monthly and fiscal year obligations by appropriation and program, project, and activity within 30 days after the end of each month. The total obligations for staffing must provide on-board and funded full-time equivalent (FTE) staffing

<sup>11</sup> This element prepared by (name redacted), Specialist in Homeland Security Policy and Appropriations, Government and Finance Division.

<sup>12</sup> H.Rept. 114-668, p. 13.

<sup>13</sup> Ibid., p. 18.

- levels. The number and total obligations for contract employees for each DHS office must also be provided.<sup>14</sup>
- The Secretary must submit a report to the IG that lists all grants and contracts awarded through other than full and open competition during FY2017. The IG must review the report to assess the department's compliance with applicable laws and regulations.<sup>15</sup>
  - The Secretary must require that all DHS contracts that provide award fees link such fees to successful outcomes for cost, schedule, and performance of acquisitions.<sup>16</sup>
  - The Secretary, in consultation with the Secretary of the Treasury, must notify the House and Senate Appropriations Committees of any proposed funds transfers of funds from the Treasury Forfeiture Fund to any DHS agency.<sup>17</sup>
  - The USM must include the Comprehensive Acquisition Status Report in the President's FY2018 budget proposal and provide quarterly updates.<sup>18</sup>

## Departmental Management Component Details

### Office of the Secretary and Executive Management (OSEM)

The Administration requested \$136 million for OSEM. S. 3001, as reported, included \$136 million, less than \$1 million (0.3%) less than requested. H.R. 5634, as reported, included slightly more than S. 3001, but still several thousand dollars less than requested.

The Senate Appropriations Committee-reported bill withheld from obligation \$13 million of OSEM funding until a legally mandated report on visa overstay data by country is submitted and the metrics developed to measure border security are published on the DHS website. Aside from this withholding, the Senate Appropriations Committee recommendation for OSEM generally followed the funding levels requested by the Administration.<sup>19</sup>

For OSEM subcomponents, the House committee report recommended funding under the appropriations category of Operations and Support and included several shifts in resources between selected subcomponents. Selected examples of these are listed below:

- *Immediate Office of the Secretary*—Responding to a request for \$12 million, the House committee recommended \$9 million. The committee report attributed the reduction to the continued funding of countering violent extremism activities in the Office of Partnership and Engagement. The House report notes that the budget request assumed that \$880 million in new TSA fees would be enacted

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<sup>14</sup> This also appears as Section 513 of S. 3001.

<sup>15</sup> This also appears as Section 516 of S. 3001.

<sup>16</sup> This also appears as Section 521 of S. 3001.

<sup>17</sup> This also appears as Section 525 of S. 3001.

<sup>18</sup> This also appears as a proviso in the USM appropriation in S. 3001, as reported, p. 4.

<sup>19</sup> The Senate report directed DHS to brief the committee on work underway to develop metrics to measure the effectiveness of border security within 30 days after the act's enactment. The report noted that "Over the past 2 years, the Secretary has directed a rigorous initiative to improve data inputs, develop models, conduct peer reviews of methodology, and establish measures that are statistically valid and repeatable ... fiscal year 2017 is the time to release these measures so they can inform the public discourse on border security for the future." (S.Rept. 114-264, p. 11)

“that will almost certainly be unavailable as offsetting collections.” The report alerted the department that it “should be prepared for significant decrements to headquarters accounts and priorities should future budget requests include similar gimmicks.”<sup>20</sup>

- *Office of Policy*—Responding to a request for \$37 million, the House committee recommended \$36 million. The committee report stated that the reduction was attributed to the department continuing to not fill the position of Assistant Secretary for Policy.
- *Office of Partnership and Engagement*—Responding to a request for \$12 million, the House committee recommended \$15 million. According to the House committee report, the funding included \$1 million to address cybersecurity issues by developing a public service awareness campaign and \$3.5 million to operate the Office of Countering Violent Extremism (CVE). The committee directed the office to report on department-wide CVE programs and initiatives, with personnel and funding levels, within 60 days after the act’s enactment.<sup>21</sup>
- *Office for Civil Rights and Civil Liberties*—Responding to a request for \$21 million, the House committee recommended \$23 million. According to the House committee report, the increased funding is to support enhancements within the Compliance Branch to address the increasing number of opened complaints (+180%) since FY2012.

## Under Secretary for Management (USM)

The implementation of the CAS frequently makes side-by-side comparison of funding levels between the FY2016 enacted level, FY2017 requested level, and the House and Senate Appropriations Committee recommendations below the level of overall funding for the USM not adequately informative. This section of the report therefore focuses largely on the direction provided to the USM and its proposed subcomponents.

The Senate committee report stated that the increased appropriation over the FY2016 USM funding “is largely associated with consolidation of personnel costs previously paid through the Working Capital Fund for procurement and human capital services.”<sup>22</sup> The report stated the committee’s support for the department’s efforts to increase transparency of the cost of management operations and “eliminate an inefficient circular reimbursement process.”<sup>23</sup>

The Senate committee recommended funding for the Office of the Chief Human Capital Officer at the requested level of \$36 million, while the House committee report recommended over \$39 million for the office. The House report noted the increased funding included a more than \$3 million increase to transition the Cyber Student Volunteer Initiative into a DHS Cybersecurity Internship Program to recruit and develop future cybersecurity professionals.<sup>24</sup>

<sup>20</sup> H.Rept. 114-668, p. 8.

<sup>21</sup> The report noted that because more clarity and planning on “how grants will be provided to community organizations that work to prevent radicalization” and DHS articulation of how CVE program effectiveness will be measured are needed, the funds requested for a CVE grant program were not provided. However, the manager’s amendment approved at full committee markup included funding for the program as a part of FEMA’s State and Local Grants.

<sup>22</sup> S.Rept. 114-264, p. 19.

<sup>23</sup> Ibid.

<sup>24</sup> H.Rept. 114-668, p. 14.

The Senate report approved the transfer of the Human Resources Information Technology (HRIT) Program from the Office of the Chief Human Capital Officer to the OCIO, as DHS requested. The House report expressed the committee's concern that, although the department has been implementing the HRIT system for more than 12 years, just one of 15 improvement areas identified in the Human Capital Segment Architecture Blueprint has been completed. It expressed the committee's further concern that implementation will not be achieved "without proper oversight, established time-frames, and key acquisition documents."<sup>25</sup> Therefore, the committee directed DHS to provide a briefing on the status of work underway to address the recommendations in a February 2016 Government Accountability Office report<sup>26</sup> within 180 days after the act's enactment.

The House report noted that, despite pilot program findings that personnel consolidation would result in savings, the department's field offices do not work together to determine whether co-locating would result in efficiencies, with regard to such matters as real estate and vehicle fleets. Therefore, the committee directed DHS to provide, within 90 days after the act's enactment, a plan that would require all component-level field offices to consolidate space, services, and assets. The plan must describe the departmental mechanisms (e.g., legislative authorities, management directives, and regional working groups) used to direct the field offices to conduct such reviews and the methods that will be used to ensure compliance.

Acknowledging that DHS intends to begin migrating components to a shared financial services provider to try to achieve cost savings and efficiencies, the Senate report stated that the migration's total potential costs are not fully known. Therefore, the committee directed the Office of the Chief Financial Officer to provide the total cost of the migration, by component, within 60 days after the act's enactment. The costs must be provided by major cost driver, phase, and fiscal year for the project's total life cycle and include obligations to date. Estimated and actual cost savings by fiscal year and major cost driver for each component also must be provided. The committee directed DHS to remain in frequent communication on the department's financial management improvement plans with an implementation timeline and discrete milestones included and to provide timely updates on any delays. The House committee report included a similar requirement.

## Issues for Congress

### DHS Acquisition

The OCIO and the Office of Program Accountability and Risk Management (PARM) are working together as part of DHS's effort to improve acquisition processes which, according to the Senate committee, "do not support agile development efforts" and have "no real oversight or program management benefit."<sup>27</sup> The committee directed the OCIO and PARM to provide a briefing on the results of four pilot programs that are testing new processes within 60 days after the act's enactment.

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<sup>25</sup> H.Rept. 114-668, p. 17.

<sup>26</sup> U.S. Government Accountability Office, *Homeland Security: Oversight of Neglected Human Resources Information Technology Investment is Needed*, GAO-16-253 (Washington: GAO, February 11, 2016), at <http://www.gao.gov/assets/680/675162.pdf>.

<sup>27</sup> S.Rept. 114-264, p. 27.



Citing previous directives to the department to improve the transparency, timeliness, and evaluation of acquisitions and procurements by outlining steps in the procurement process, and noting personnel requirements and timelines, the Senate committee directed DHS to provide a briefing on continuing efforts in this regard within 120 days after the act's enactment. The committee commended the OCPO for engaging with industry and the acquisition community in efforts to improve the department's business practices, including structuring contracts for agile services, and directed the OCPO to include discussion of such in the required briefing on acquisition program management.

Stating that unity of effort requires DHS components to be engaged and realize value, the Senate committee directed the department to provide a briefing on unity of effort goals and outcomes within 30 days after the act's enactment. In addition, the committee directed DHS to include in the briefing its explanation for believing that authorizing legislation is needed before many initiatives for unity of effort, including a joint duty training and assignment program, can be commenced. The Senate report directed DHS to regularly update the committee on the decisions, reviews, and results of Joint Requirements Council (JRC) activities. The House report recommended the requested \$5 million in funding for the JRC<sup>28</sup> and the committee directed DHS to provide quarterly briefings on council activities. According to the House report, the department's components need to adopt the JRC process to facilitate improved cost estimates and better justified investments.

## **Analysis and Operations<sup>29</sup>**

The Analysis and Operations (A&O) account includes resources for both the Office of Intelligence and Analysis (I&A) and the Office of Operations Coordination. I&A is responsible for managing the DHS intelligence enterprise and for collecting, analyzing, and sharing intelligence information for and among all components of DHS, and with the state, local, tribal, and private sector homeland security partners. Because I&A is a member of the intelligence community,<sup>30</sup> its budget comes in part from the classified National Intelligence Program.<sup>31</sup> The Office of Operations Coordination develops and coordinates departmental and interagency operations plans. It also manages the National Operations Center, the primary 24/7 national-level

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<sup>28</sup> "The JRC is a senior requirements review board that: 1. Identifies crosscutting opportunities and common requirements among DHS Organizational Elements for non-IT investments and aids in determining how best to ensure that the Department uses its resources wisely and in the best interest of the American public; 2. Conducts reviews of non-IT mission needs statements, Department capital investment plans, portfolio management documents and special interest issues submitted in accordance with the DHS Planning, Programming, and Budgeting Guidance, and other documents/issues; 3. Makes programmatic recommendations to the Investment Review Board (IRB) on proposed new programs and changes to existing capital programs." (U.S. Department of Homeland Security, "Charter of DHS Joint Requirements Council," September 17, 2003, available at [http://www.dhs.gov/sites/default/files/publications/mgmt\\_directive\\_1405\\_charter\\_dhs\\_joint\\_requirements\\_council.pdf](http://www.dhs.gov/sites/default/files/publications/mgmt_directive_1405_charter_dhs_joint_requirements_council.pdf)).

<sup>29</sup> Prepared by (name redacted), Specialist in Organized Crime and Terrorism, Domestic Social Policy Division.

<sup>30</sup> The intelligence community (IC), as defined in 50 U.S.C. §401a(4), includes the Central Intelligence Agency, the National Security Agency, the National Reconnaissance Office, the National Geospatial-Imagery Agency, the Defense Intelligence Agency, the Bureau of Intelligence and Research of the State Department, the Office of Intelligence and Analysis of the Treasury Department, and DHS's Intelligence and Analysis, as well as intelligence elements within the Federal Bureau of Investigation, the Drug Enforcement Administration, the Department of Energy, the Army, the Navy, the Air Force, the Marine Corps, and the Coast Guard.

<sup>31</sup> The National Intelligence Program "includes all programs, projects, and activities of the [U.S.] intelligence community as well as any other intelligence community programs designated jointly by the DNI [Director of National Intelligence] and the head of department or agency, or the DNI and the President." See <https://www.dni.gov/index.php/intelligence-community/ic-policies-reports/ic-policies-2?highlight=WjJidWRnZXQiXQ==>.

hub for domestic incident management, operations coordination, and situational awareness, fusing law enforcement, national intelligence, emergency response, and private sector information.

## Summary of Appropriations

The Administration requested \$266 million in appropriations for A&O for FY2017 (see **Table 1**). This is about \$1 million more than was provided in FY2016.

Senate Appropriations Committee-reported S. 3001 recommended that A&O receive a gross budget authority for FY2017 of \$260 million, \$6 million below the \$266 million requested. The committee noted its disappointment that DHS failed to provide an assessment of the Kansas Intelligence Fusion Center [KIFC] as a State-based Center of Excellence for multi-agency, multi-discipline public—private partnership to enhance threat information sharing and collaboration.<sup>32</sup> It also directed I&A to assess the level of field support that it provides to the border security mission at DHS and the extent to which additional support, colocated on the Southwest border, would bolster the mission.

House Appropriations Committee-reported H.R. 5634 recommended \$266 million in appropriations for FY2017, the same amount as the Administration request (see **Table 1**). The committee supported efforts to provide security clearances to appropriate state and local law enforcement personnel and other first responders. The committee directed A&O to provide a briefing on the number of state and local personnel sponsored for security clearances no later than 60 days after the act's enactment.

## Office of the Inspector General<sup>33</sup>

The DHS Office of the Inspector General (OIG) is intended to be an independent, objective body that conducts audits and investigations of the department's activities to prevent waste, fraud, and abuse. The OIG keeps Congress informed about problems within the department's programs and operations; ensures DHS information technology is secure pursuant to the Federal Information Security Management Act; and reviews and makes recommendations regarding existing and proposed legislation and regulations related to the department. The OIG reports to Congress and the Secretary of DHS.

## Summary of Appropriations

For FY2016, the Administration requested \$157 million in discretionary budget authority for the OIG. This is \$20 million (14.3%) more than was provided in FY2016. The Administration also requested a \$24 million transfer from the Disaster Relief Fund (DRF) specifically for oversight of disaster relief activities. Transfers from the DRF are a long-standing means of supporting the DHS OIG's annual budget for oversight of disaster relief, first occurring in FY2004, the first annual appropriations act for the department.<sup>34</sup>

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<sup>32</sup> As directed in S.Rept. 113-198.

<sup>33</sup> Prepared by (name redacted), Specialist in Homeland Security and Appropriations, Government and Finance Division.

<sup>34</sup> P.L. 108-90.



Senate Appropriations Committee-reported S. 3001 included \$155 million in discretionary budget authority for the OIG. This was \$2 million (1.3%) less than was requested by the Administration, and \$18 million (12.8%) more than was provided in FY2016. The House Appropriations Committee-reported bill included the requested transfer from the DRF for disaster relief oversight activities.

House Appropriations Committee-reported H.R. 5634 included \$157 million in discretionary budget authority for the OIG. This was the funding level requested by the Administration, and \$20 million (14.3%) more than was provided in FY2016. The House committee-reported funding level is \$2 million (1.3%) more than was proposed in the Senate committee-reported bill. Like the House Appropriations Committee-reported bill, the Senate Appropriations Committee-reported bill included the requested transfer from the DRF for disaster relief oversight activities.

## Issues in OIG Appropriations

Issues surrounding the DHS OIG are generally issues that impact the broader oversight community, or are issues that are shared throughout the broader community of inspectors general. Although two such issues are briefly highlighted below, a much fuller analysis is available in the discussion of statutory Offices of Inspectors General in CRS Report RL30240, *Congressional Oversight Manual*, by (name redacted) et al.

## OIG Mandates

It is common practice for authorization and appropriations bills and reports to direct the OIG to conduct specific work in addition to its ongoing audit and inspection activities. These mandates are frequently placed on the OIG without providing additional resources to fund the work required.

Along with existing statutory requirements, the House and Senate reports for FY2017 directed that the OIG:

- Continue monitoring and assessing component oversight of the use of force by law enforcement personnel, and recommend how that oversight can help improve training;<sup>35</sup>
- Keep the appropriations committees informed of the progress on their review of ICE and CBP detention facilities;<sup>36</sup>
- Provide a detailed spending plan for the office;<sup>37</sup>
- Continue covert testing of aviation security capabilities;<sup>38</sup>
- Review NPPD's documentation and results of its pilot project exploring regionalization of support for its infrastructure protection personnel, and what authorities would be necessary to implement this concept;<sup>39</sup> and
- Report to Congress on event-related spending and conferences.<sup>40</sup>

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<sup>35</sup> H.Rept. 114-668, p. 19.

<sup>36</sup> Ibid.

<sup>37</sup> S.Rept. 114-264, pp. 28-29.

<sup>38</sup> S.Rept. 114-264, p. 29.

<sup>39</sup> Ibid.

<sup>40</sup> S.Rept. 114-264, p. 30.

## OIG Accountability

In recent years, questions about the objectivity and quality of the oversight provided by the DHS Inspector General (IG) drew public attention. John Roth was confirmed as the DHS IG on March 13, 2014, after a three-year period during which DHS did not have a Senate-confirmed Inspector General. One of the individuals who had served as Acting Inspector General and Deputy Inspector General during most of that period came under scrutiny on the basis of whistleblower allegations of misconduct.<sup>41</sup> These allegations were investigated separately by the Integrity Committee of the Council of the Inspectors General on Integrity and Efficiency,<sup>42</sup> and the Subcommittee on Financial and Contracting Oversight of the Senate Homeland Security and Government Affairs Committee.<sup>43</sup>

In discussing the increase in funding above FY2016, the Senate Appropriations Committee noted in its report that “the DHS OIG has made great strides under the current Inspector General in restoring its credibility and capabilities.... The Committee expects to see continued progress and results from these investments.” The House Appropriations Committee report did not specifically mention these reforms.

## Author Contact Information

(name redacted), Coordinator  
Specialist in Homeland Security and Appropriations  
[redacted]@crs.loc.gov, 7-....

(name redacted)  
Specialist in Organized Crime and Terrorism  
[redacted]@crs.loc.gov, 7-....

(name redacted)  
Analyst in American National Government  
[redacted]@crs.loc.gov, 7-....

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<sup>41</sup> Carol D. Leonnig, “Probe: DHS Watchdog Cozy with Officials, Altered Reports as He Sought Top Job,” *The Washington Post*, April 24, 2014, [http://www.washingtonpost.com/politics/probe-dhs-watchdog-cozy-with-officials-altered-reports-as-he-sought-top-job/2014/04/23/b46a9366-c6ef-11e3-9f37-7ce307c56815\\_story.html](http://www.washingtonpost.com/politics/probe-dhs-watchdog-cozy-with-officials-altered-reports-as-he-sought-top-job/2014/04/23/b46a9366-c6ef-11e3-9f37-7ce307c56815_story.html).

<sup>42</sup> The committee, created by the Inspector General Reform Act of 2008 (P.L. 110-409), facilitates the oversight of these intentionally independent oversight bodies.

<sup>43</sup> Letter from Phyllis K. Fong, Chairperson, Council of the Inspectors General on Integrity and Efficiency, to The Honorable Claire McCaskill, Chairwoman, Subcommittee on Financial and Contracting Oversight, Committee on Homeland Security and Governmental Affairs, June 11, 2014, <http://www.hsgac.senate.gov/download/letter-from-cigie-regarding-allegations-of-misconduct-by-former-dhs-deputy-inspector-general-charles-edwards&ei=2lhTVM0eDPTIsATWxILgCQ&usg=AFQjCNH690SLkxwJXwaFqMj0KEO8IrrhQQ&bvm=bv.78677474,d.cWc>.

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